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Planting Seeds

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Report Highlights:
South Africa's 2003/4 seed crop is expected to increase from last year because of improved weather conditions, reduced carry-over stocks, and adaptation of the industry to the increased value of the Rand. Experts are predicting shortages of several horticultural species because of drought in some areas. Lucerne seed harvest is expected to increase to about 500 MT. SANSOR is encouraging the government to rephrase the quality regulations for imported grains, and to increase the kernel size, thereby eliminating the use of undesirable small kernels.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Pretoria [SF1]
[SF]

EXECUTIVE SUMMARY

South Africa's 2003/4 seed crop is expected to increase from last year because of improved weather conditions, reduced carry-over stocks, and adaptation of the industry to the increased value of the Rand.

Experts are predicting shortages of several horticultural species because of drought in some areas. A worldwide over-supply of most horticultural seed varieties eventually started to subside during 2003/4 and was followed by increasing international prices.

Lucerne seed harvest is expected to increase to about 500 MT in 2003/4 because of expanded area planted.

The South African National Seed Organization (SANSOR) plans to expand seed production to new areas - Lutziville, Vredendal and Koekenaap – because of their potential and disease-free status.

SANSOR is encouraging the government to rephrase the quality regulations for imported grains, and to increase the kernel size, thereby eliminating the use of undesirable small-sized kernels.

In 2003/4, SANSOR will establish and standardize relevant methodology necessary to address kernel size and grain color correlation between commercial and experimental milling.

AGRONOMY

South Africa's 2003/4 seed crop is expected to increase from last year because of improved weather conditions, reduced carry-over stocks, and adaptation of the industry to the increased value of the Rand. The industry will also address various issues that will have a major impact on the future of the agronomic seed businesses.

A breakthrough within the seed industry is the requirement made to the seed companies to release detailed seed sale statistics to clients and stakeholders. This move is expected to bring about accuracy to the industry seed data bank.

In 2003, the South African seed growers suffered from drought in all summer and winter rainfall regions, low commodity prices due to the strengthening of the Rand compared to a Dollar, and high levels of carry-over stocks. In relation to the poor growing season, SANSOR encouraged the government to rephrase the quality regulations for imported grains, and to increase the kernel size thereby eliminating the use of undesirable small-sized kernels. In the same year, the industry published a list of undesired white maize seeds varieties because the millers were dissatisfied about working with small seed varieties. However, Grain South Africa suggested that the matter should be handled with caution and to remove only seriously low quality varieties from the milling industry.

HORTICULTURE

Experts are predicting shortages of several horticultural species because of drought in some areas. A worldwide over-supply of most horticultural seed varieties eventually started to subside during 2003/4 and was followed by increasing international prices.
Because of the oversupply, the seed companies were relying heavily on the availability of seed in stock so there was much less new seed in production.

The strengthening of the Rand against all major currencies brought huge relief for importers of high value F1 seeds. However, this savings came with the cost of exporting companies who experienced declines in both turnover and margins.

FORAGES

Lucerne seed harvest is expected to increase to about 500 MT in 2003/2004 season because of expanded area planted. The Lucerne Seed Organization will adopt a new name, the National Lucerne Organization (NLO), following the introduction of statutory measures that also enables the NLO to collect information on seed sales and register all producers of hay and seed. The national trials for Lucerne seed will be conducted at Elsenburg, Upington, and Hartswater.

The Plant Improvement Act is expected to implement ISTA's rule on the minimum seed quality requirement for White Buffalo grass, Rhodesgrass, and Smuts Finger grass, which will result in a lower expression of germination capacity.

The 2003 season was extremely tough for SANSOR's forage division because of shortages in ryegrass and other various crops. South Africa ended up with huge imports. High prices of maize also resulted in increased demand for alternative substitutes in forage and pasture seed. Farmers' increased diversification of livestock caused further forage shortages.

Production

Planting Season: Start 1st March – End 28th February next year.

AGRONOMIC SEEDS -2003			HORTICULTURAL- 2003			FORAGE - 2003		
CROP	**Sales Volume (MT)**	**Sales Value (R. Mil)**	**CROP**	**Sales Volume (MT)**	**Sales Value (R. Mil)**	**CROP**	**Sales Volume (MT)**	**Sales Value (R. Mil)**
Maize	25,066	601.6	Pea	900	6.0	Oats	6,000	20.0
Sunflower	2,280	84.0	Garden Bean	275.0	16.1	Triticale	3,000	7.5
Grain Sorghum	595	8.9	Carrot	121.0	20.0	Rye	1,500	6.0
Dry beans	4,200	51.4	Cucurbits	93.0	26.1	Forage sorghum	1,200	5.4
Soya beans	3,510	28.1	Sweetcorn	70.0	17.0	Lupins	1,000	2.8
Groundnuts	3,126	18.8	Beet	41.0	7.5	Pearl Millet	700	3.9
Cotton	260	3.1	Onions	37.0	35.1	Cowpeas	600	21.0
Cowpeas	600	2.4	Spinach/Swiss Chard	18.0	0.8	Lucerne	600	4.0
Wheat	27,082	95.3	Brassicas	15.3	32.0	Teff	400	5.0
Barley	8,408	19.2	Peppers	12.0	25.0	Perennial ryegrass	200	6.0
Tobacco	0,07	0.8	Watermelon	9.0	3.5	Fodder Radish	70	1.3
Total	**75,127**	**913.6**	**Total**	**1,591.3**	**189.1**	**Total**	**9,270**	**82.9**
Total unlisted	0	**0**	**Total unlisted**	**26.1**	**80.8**	**Total Unlisted**	**7,727**	**38.2**
Grand Total	**75,127**	**913.6**	**Grand Total**	**1,617.4**	**269.9**	**Grand Total**	**16,997**	**121.1**

Source: SANSOR (In 2003, $1= R7.56)

The winter crop estimates for the 2003/4 season, released by 05 May 2004, indicate wheat of about 1.485 Million MT, including about 22,000 MT wheat still to be delivered until the end of September 2004 (SANSOR), a total estimates at 1.507 million. The NDA figures indicate retention of about 33,000 MT.

Estimated area for wheat under irrigation is about 112,500 Ha with an estimated yield of about 5.20 MT/Ha, while the dryland area is estimated at about 635,000 Ha with a yield of 1.50 MT/Ha.

BACKGROUND

The South African International Society of Seed Technologist Chapter (IST), established in March 2003 and formed by all 14 members of the SANSOR Seed Analysts of South Africa (1989), handles the seed trade and also works to improve international trade. In 2003/04, the IST expects to be well established with membership including extension, research, and teaching professionals. The first annual meeting will be launched at an unscheduled date later this year.

Plant Health Regulations

SANSOR works directly with the government on Sanitary and Phytosanitary (SPS) issues for seed and grain. A development reached in the agronomic sector in 2003/4 was a special measure to curb the spread of *Karnal Bunt* in wheat. In South Africa, *Karnal Bunt* only affects the Northern Cape.

Members of South Africa's seed production sector joined forces to initiate research on ways to prevent further outbreaks of *Pseudomonas* in onions.

The time taken to handle small airmail seed parcels at Customs has been resolved using a case-by-case individual testing method. A member of the Directorate of Plant and Quality Control from the NDA will be part of the monitoring committee to handle phytosanitary constraints for both import and exports.

The dispute among seed companies for using duplicate names and numbers for varieties belonging to different companies has finally been resolved.

Seed Certification

In the beginning of 2003/4, the South African Seed Certification Scheme was updated to be in line with international standards. SANSOR secretariat will now be responsible for updating and issuing authorization cards, stating particulars of inspectors, company, and crops, etc. In early 2003/4, the International Maize and Wheat Improvement Centre (CIMMYT) held discussions with the Agricultural Research Council (ARC) about the maintenance of South Africa's native varieties, which had been increasingly affected by open pollination, especially for maize and groundnuts. The following temporary measures will be implemented in future to offset the above problem - shortening of the production chain, inspection of pre-basic seed units by the breeder, and monitoring of a percentage of basic and certified seed units by SANSOR technical personnel assisted by the breeder/expert.

In 2003/04, SANSOR participated in the OECD experiment sampling - that included fastening, labeling, and seed analysis. The test resulted in South Africa deviating with only about 1.7% from the 112 samples drawn, as compared to the participating countries. SANSOR plans to expand seed production to new areas - Lutziville, Vredendal and Koekenaap – because of their potential and disease-free status.

Five forage seed companies received Plant Breeders Licenses in 2003.

Intellectual Property Rights (Plant Variety Protection / Plant Patents)

The Intergovernmental Committee on Intellectual Property, Genetic Resources, Traditional Knowledge and Folklore of the World Intellectual Property Organization (WIPO) held its fifth session at the beginning of this season. Suggestions made were a draft of a legal international document on intellectual property, traditional knowledge and Folklore. Possible requirements to state origin of genetic resources in patent applications were also addressed.

South Africa ratified the Biosafety Protocol in August 2003, and implemented from September 2003. We expect that South Africa's GMO Act will be amended in the future to comply with the Biosafety Protocol.

Variety Approval

In 2003/4, SANSOR established and standardized relevant methodology necessary to address kernel size and grain color correlation between commercial and experimental milling.

The National Plant Variety List is expected to distinguish between plants from genetically modified varieties *vs* the conventionally bred ones. In the case of genetically modified maize, stem borer resistance would be labeled by the hybrid name followed by the addition of "B", while an ending letter "R" will follow the hybrid name to indicate glycophosphate herbicides. The industry also expects to form a standing committee that will deal with standardization of regulatory issues for genetically modified crops.

The Directorate of Genetic Resources is the sole office with the right to fully monitor expensive seeds. Concerns about the trade's definition on expensive seed resulted in the adoption of a new definition that reads; " All vegetable hybrid seed sold by count".

Other terms under discussions are 'precision seed' and 'organic seed', and are seen as valuable marketing tools that would enable companies to categorize and promote the marketing of their vegetable seed, diversifying existing markets and developing new ones.

In 2003, the forage seed division of SANSOR released a new cultivar, SA Select.

Genetically Modified Organisms (GMO) / biotechnology

The 2004 proposal by SANSOR is to establish a standing committee that is responsible to implement an Insect Resistant Management (IRM) program for insect resistant genetically modified crops.

An identity Preservation system currently developed by the South African Bureau of Standards (SABS) is expected to cover issues like genetically modified Organisms.

South Africa's use of modern biotechnology involve commercial virus elimination and plant production through tissue culture of date palms, banana, soybeans, dry beans, and others; animal artificial insemination, embryo implants, and vaccine production for animal and human health.

According to SANSOR, South Africa has been experimenting with genetic modification (r-DNA technologies) for over 20 years. Since 1990, the South African Genetic Experimentation Committee (SAGENE) applied biosafety guidelines to all GM field trials.

The GMO Act (1997) controls all facilities for genetic modification research and development, and all field trials, container used, imports, exports and commercial releases.

In mid-1990s, South Africa had about 110 plant biotechnology groups in research and development involving over 160 projects. Annual investment totals about $12 million, with usages of GMO varieties shared amongst 45 foods, fibre and feed companies.

Since 1990, South Africa granted over 200 permits for contained and field crops, that includes cotton, maize Lucerne, eucalyptus, apples, canola, soybean, potato, sugarbeet, sugarcane, and arabidopsis.

The first permit for conditional commercial release was granted in 1997, for Bt insect resistant cotton, followed by yellow maize hybrids with Bt insect resistance in 1998, Bt insect resistant white maize and herbicide tolerant cotton.

Tariff Table

HTS CODE	DESCRIPTION	STD DUTY FORMULA	PERMIT REQ	EXEMPT VAT
120100	Soyabeans	8%/Ad Valorem	Free	No
120210	G.nuts(in shell)	10%/Ad Valorem	Free	No
120220	G.nuts(shelled)	10%/Ad Valorem	Free	Yes
120400	Linseed	9.4%/Ad Valorem	Free	No
120600	Sunflower seed	9.4%/Ad Valorem	Free	No
120710	Palm nuts & Kernels	7.4%/Ad Valorem	Free	No
120720	Cotton seeds	9.4%/Ad Valorem	Free	No
120760	Safflower seeds	9.4%/Ad Valorem	Free	No
120919	Beet seeds: Other	Free	Free	-
120921	Lucerne seed	Free	Free	-
120926	Timothy grass seed	Free	Free	-
120925	Rye grass seed	Free	Free	-
120924	Kentucky blue grass seed	Free	Free	-
120923	Fescue seeds	Free	Free	-
120929	Seed of forage plants, other than beet seeds: other	Free	Free	-
120991	Vegetable seeds	Free	Free	-
12099910	Other sowing seeds: Other	Free	Free	-
12099990	Other seeds, fruits & spores: Other	Free	Free	-
100510	Maize(Corn) seed	Free	Free	-
100300	Barley	Free	Free	-
100110	Durum Wheat	Free	Free	No
100400	Oats	Free	Free	No
100700	Grain Sorghum	3%/Ad Valorem	Free	No

Source: South African Customs Tariffs Book
Note: The seed HTS is 1209, the rest are grains and oilseeds (for consumption) included herein for your interest.

TRADE

South Africa's Import of seeds			
HTS CODE	**DESCRIPTION**	**2002 (MT)**	**2003 (MT)**
120925	Rye Grass seed	491.4	763.3
120929	Other seeds of forage plants	542.2	763.2
120991	Vegetable seeds	571.8	391.9
120921	Lucerne (Alfalfa) seeds	135.9	372.3
120999	Other seeds	277.2	274.3
120923	Fescue seed	66.3	113.8
120922	Clover seed	104.2	81.8
120930	Seed of herbaceous plants	11.4	9.5
120924	Kentucky Blue Grass seeds	3.4	5.4
120910	Sugar Beet Seeds	2.2	2.3
120919	Beet Seed, not sugar	2.7	1.5
120926	Timothy Grass seeds	0.4	0
TOTAL	**All seeds listed**	**2209.1**	**2779.3**

Source: WTA

South African seeds imports were dominated by the grasses, followed by forage plants, vegetables and Lucerne in 2003.

The United States is one of the main South African seed suppliers for herbaceous plants, Lucerne, Rye grass, other seed of the forage plants, other seeds, vegetables, sugar beet, Kentucky blue grass, Beet seed (not sugar), clover and fescue seeds. In 2003, U.S. seed exports to South Africa reached about 560 MT, and amounted to $4.8 million, an increase in volume (84%) and value ($1.08 million) from 2002.

The Netherlands followed with a market share of about $4.02 million in 2003 mainly for herbaceous, vegetables, Kentucky Blue grass, Fescue grass, Rye grass, other forage plants and other seeds. Total seed imports increased by $0.93 million from 2002.

Australian seed exports (vegetables, Rye grass, Fescue grass, Clover, Other forage plants and other seeds) to South Africa reached about 865 MT and amounted to $2.33 million, an increase of 36% in volume and value ($1.05 million) from 2002.

Exchange Rate: In 2002: $1 = R10.52; In 2003: $1 = R7.56

South Africa's Exports of seeds			
HTS CODE	**DESCRIPTION**	**2002 (MT)**	**2003 (MT)**
120999	Other seeds	4,593.8	3,956.5
120991	Vegetable seeds	1,542.0	778.3
120921	Lucerne (Alfalfa) seeds	305.2	596.2
120929	Other seeds of forage plants	1,864.5	300.8
120925	Rye Grass seed	0	60.5
120926	Timothy Grass seeds	19.9	0.7
120919	Beet Seed, not sugar	32.8	0.3
TOTAL	**All seeds listed**	**8358.2**	**5693.3**

Source: WTA

South Africa exports seeds mainly to the neighboring African states, namely: Malawi, Angola, Zimbabwe, Zambia, Mozambique, with a fair amount reaching Saudi Arabia, U.S., Japan, U. A. Emirates, Canada and Netherlands. The major seed exports are Timothy grass, Herbaceous Plants, Rye grass, Lucerne, vegetables, other forage plants, beet seed-not sugar, and others.